

Message Text

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67

ACTION EB-11

INFO OCT-01 EUR-25 IO-15 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

OIC-04 DRC-01 /192 W

----- 015752

R 041750Z OCT 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5836

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, EEC

SUBJ: PROPOSED CAP FOR SOYBEANS

REF: STATE 194296

1. SUMMARY. IN THE ABSENCE OF EC COMMISSIONER
LARDINOIS (OUT OF TOWN), WE APPROACHED HIS CHEF DE
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CABINET, WIJNMALEN, TO CARRY OUT THE REFTEL

INSTRUCTION. WE MADE A SIMILAR APPROACH TO HIJZEN, DEPUTY DIRECTOR GENERAL FOR EXTERNAL RELATIONS. IN BOTH CASES, WE REVIEWED THE MATTER IN DETAIL. THE COMMISSION OFFICIALS TOOK NOTE OF OUR CONCERN AND PROMISED TO INFORM THE COMMISSION OF OUR DEMARCHE. AMBASSADOR MALMGREN HAS ALSO RAISED THE MATTER PRIVATELY WITH COMMISSIONER GUNDELACH. END SUMMARY.

2. ON OCTOBER 3, WE CONVEYED TO LARDINOIS THROUGH HIS CHEF DE CABINET, WIJNMALEN, OUR CONCERN ABOUT A POSSIBLE NEW EC COMMISSION PROPOSAL FOR A SOYBEAN CAP. WE REITERATED THE US DETERMINATION TO REACT SWIFTLY SHOULD THE COMMUNITY TAKE ACTION THAT WOULD IMPAIR THE GATT BINDING ON SOYBEAN AND SOYBEAN CAKE AND MEAL. WE REVIEWED IN DETAIL THE SUBSTANTIVE, HISTORICAL AND POLITICAL ASPECTS OF THIS ISSUE. WE EMPHASIZED THE PRESENT FAVORABLE SITUATION AND OUTLOOK REGARDING SOYBEAN SUPPLIES AND EXPORT AVAILABILITIES.

3. WIJNMALEN TOOK NOTE OF OUR CONCERN; EXPRESSED UNDERSTANDING FOR OUR ARGUMENTS; AND PROMISED TO INFORM THE FULL COMMISSION OF OUR APPROACH. (WIJNMALEN REPRESENTED LARDINOIS AT THE REGULAR WEDNESDAY COMMISSION MEETING.)

4. FOR HIS PART, WIJNMALEN SAID THE US SHOULD RECOGNIZE THAT INEVITABLY THE EXPORT RESTRICTIONS OF LAST SUMMER HAD WEAKENED RESISTENCE WITHIN THE COMMUNITY TO THE FRENCH PRESSURE FOR A SOYBEAN CAP. EVEN THOUGH NEW US EXPORT RESTRICTIONS APPEAR UNLIKELY AT PRESENT --AND THE DATA ABOUT OUR CROP AND EXPORT POSITION IS MOST HELPFUL AND REASSURING -- THE COMMUNITY MUST BE IN A POSITION TO COPE WITH CONTINGENCIES THAT MIGHT THREATEN THE COMMUNITY'S FOOD SUPPLIES IN THE FUTURE. LARDINOIS, AS A "PRUDENT POLITICIAN" MUST THEREFORE MAKE SOME PROPOSALS TO HELP ASSURE ADEQUATE PROTEIN SUPPLIES, EVEN THOUGH THE PRACTICAL LIMITS ON SOYBEAN CULTIVATION IN THE COMMUNITY ARE WELL KNOWN. ANY FURTHER ASSURANCES THE US MIGHT BE ABLE TO GIVE ABOUT FUTURE SUPPLIES WOULD OBVIOUSLY HELP COUNTER PRESSURES LIMITED OFFICIAL USE

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IN EUROPE.

5. WIJNMALEN STATED THAT, WITHIN THE CONTEXT OF REVIEW OF THE CAP, SOME MEASURES MIGHT THEREFORE BE PROPOSED FOR CREATING STOCKS THAT MIGHT BE USED IN CASE OF TIGHT SUPPLY. HE GAVE NO ASSURANCE THAT THE COMMISSION WOULD NOT PROPOSE A SOYBEAN CAP BUT NEITHER DID HE INDICATE THAT IT WOULD DO SO. HE DID SAY THAT ANY

POLICY MEASURES IN THE PROTEIN SECTOR SHOULD BE VIEWED WITHIN THE CONTEXT OF THE INTENDED REVIEW OF THE CAP. ONE ASPECT OF THE HOPED-FOR ADJUSTMENTS IN THE CAP WOULD BE A DIVERSIFICATION OF THE COMMUNITY'S CROP PATTERN. A SOYBEAN CAP COULD BE HELPFUL IN DIVERTING GRAIN ACREAGE TO OTHER USES.

6. WE EXPRESSED THE VIEW THAT A SOYBEAN CAP COULD DO LITTLE TO REDUCE THE COMMUNITY'S GRAIN ACREAGE. HOWEVER, US SOYBEAN GROWERS WOULD NECESSARILY VIEW A PROPOSAL FOR A SOYBEAN CAP AS THE BEGINNING OF A PROCESS THAT COULD LEAD TO RESTRICTIVE IMPORT MEASURES. SUCH A REACTION IN AMERICA WOULD BE INEVITABLE IN VIEW OF THE PAST HISTORY OF PRESSURE WITHIN THE COMMUNITY TO RESTRICT IMPORTS OF US SOYBEANS AND SOYBEAN PRODUCTS. WE EMPHASIZED THAT THE US WOULD, OF COURSE, HAVE NO OBJECTIONS TO EFFORTS TO PRODUCE SOYBEAN OR OTHER PROTEIN-RICH CROPS ON A NON-SUBSIDIZED BASIS.

7. WE HELD A SEPARATE MEETING WITH HIJZEN, DEPUTY DIRECTOR GENERAL IN EXTERNAL RELATIONS, AND FIELDING, THE COMMISSION'S DIRECTOR FOR NOTHER AMERICAN AFFAIRS, AND COVERED ESSENTIALLY THE SAME GROUND AS WITH WIJNMALEN. THEY TOOK CAREFUL NOTE OF OUR PRESENTATION AND SAID THEY WOULD REPORT IT TO THEIR SUPERIORS. HIJZEN SAID THAT, PERSONALLY, HE INTENDS TO ADVISE THE COMMISSION TO MOVE CAUTIOUSLY WITH REGARD TO SOYBEANS AND TO AVOID ANY HASTY MOVE BASED ON "EMOTIONAL REACTIONS" TO DEVELOPMENTS OF THE PAST SUMMER.

8. IN ADDITION TO THE MISSIONS'S APPROACHES SUMMARIZED ABOVE, AMBASSADOR MALMGREN ON OCTOBER 2 ALSO EYPRESSED CONCERN TO COMMISSIONER GUNDELACH IN A PRIVATE MEETING. LIMITED OFFICIAL USE

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GUNDELACH PERSONALLY THOUGHT THERE WOULD BE NO CAP FOR SOYBEANS -- AT LEAST NOTHING IN THE NEAR TERM. GREENWALD

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